

MIKOS-102  
Amendment dated 04/12/2006

09/783,856

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Reply to office action mailed 10/12/2005

**REMARKS**

Claims 1-20 are currently pending in the application. By this amendment, claims 1, 6, 11 and 16 are amended for the Examiner's consideration. The foregoing separate sheets marked as "Listing of Claims" shows all the claims in the application, with an indication of the current status of each .

In the specification, the paragraphs beginning at page 5, line 26, page 8, line 3, page 9, line 26, page 14, line 1, page 17, line 4, and page 22, line 28 have been amended to correct errors in grammar, syntax and punctuation. No new matter has been added.

The Examiner has rejected claims 1-20 under 35 U.S.C. §101 on the ground that the bodies of the claims do not recite technology in a non-trivial manner. The Examiner argues that the cases teach a "technological arts" requirement as synonymous with "useful arts." A few weeks before issuance of this office action the Board rejected the argument that claims must be limited to the technological arts under 35 U.S.C. §101. *Ex Parte Lundgren*, 76 USPQ2d 1385 (September 28, 2005). See also "Interim Guidelines for Examination of Patent Applications for Subject Matter Eligibility" issued by the PTO following the Lundgren decision. It is submitted that the ground of rejection, as stated, is no longer valid and should be withdrawn.

Moreover, it should be noted that the claims have been amended. It is believed that the claims as amended produce a new and useful result in accordance with 35 U.S.C. §101.

The Examiner has rejected claims 1-20 under 35 U.S.C. §103(a) as being unpatentable over U.S. Patent Publication No. 2001/0042034 A1 to Elliott. Elliott

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provides a method of securitization that includes a sale and lease back arrangement, in which the licensees on the lease back provide fixed future payments in return for the license rights (§§0020). The disclosure describes a method for securitization of intellectual property (IP) in §§0022-0024. As is well understood in the financial arts, “securitization” is creation of a transferrable right (typically embodied in a note or other enforceable document, commonly called a “security”) to payment. In the method described by Elliott, ownership of one or more IP assets is transferred (i.e. the title is sold for value) to one or more investors using an “assignable investment instrument” (i.e. the security). The owners (or other parties) receive back a license to the IP (i.e. rights that go with the title are “leased back” to the former owner or licensed to other parties). The licensee commits to payments, and it is these payments which are “secured” by the arrangement. The payments are deposited into one or more funds, and the right to receive payments from these funds is what is defined by the “security”, which is transferrable.

Of course, such a series of “securitization” transactions depends upon valuation of the IP. As is well understood in the economic arts, for a transaction to go through all parties must believe that they benefit. Elliott provides a method for determining the effect of securitization on the value of the IP (§§0027) and as viewed by the IP owner (§§0028). Elliott values each IP in a portfolio using a first valuation algorithm (§§0035), and determines the owner’s value viewpoint regarding the securitization transaction itself using a second valuation algorithm (§§0038). Note that the benefit to all parties is reflected in the conclusion that a) the change in value to the owner is positive (§§0044) and b) that the amount of the securitization (i.e. what the investors are willing to pay) is probably less than the current estimated value (§§0044).

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The present invention differs from Elliott in several particulars. It should be noted that the present invention collects IP assets in accordance with an identified characterization, that is, features of interest to potential investors (page 20, lines 5-9). The Examiner cites ¶¶0022-0023 for this element of the claims, but these paragraphs describe the financial transactions connected with securitization and say nothing about a characterization as that term is used in the present invention. It should also be noted that the Examiner cites ¶¶0035-0044 for the claim element “determining a market value *for the collection* in accordance with *a plurality of uses* for the assets so characterized” (emphasis added). The cited paragraphs from Elliott describe Elliott’s use of valuation algorithms “for each intellectual property within a portfolio” (¶0037). There is no indication or suggestion in the cited passages that this valuation is based upon attributes of “*the collection* in accordance with *a plurality of uses* for the assets so characterized”. In the present invention, it is the *collection*, through a unifying *characterization*, that spawns making a market for *a plurality of uses* (page 6, lines 1 and 5) which are the basis for valuation. It is submitted that the cited passages do not fairly read on the invention elements as stated in the claims.

More importantly, as the above description of the Elliott method indicates, Elliott’s method for valuation is quite distinct from the present invention. Whereas Elliott relies upon a host of valuation algorithms, nowhere does Elliott describe or suggest the Internet on-line auction valuation methodology described by the invention. This aspect of the invention provides for auctioning shares of the IP IT, as described at page 11, lines 24-28, and page 20, lines 16-25, in connection with the discussion of Figure 2 and, in particular, items 220 and 230. This auctioning of shares in the investment trust is the mechanism for obtaining investor contributions in return for a share in the trust. The initial bid price for the auction is determined from

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an initial market valuation of the assets of the collection. In addition, an auction methodology may be used to value individual IP (as opposed to the entire collection) for this initial market valuation, as described at page 6, lines 8-13 and claimed in claims 6 and 16.

Whereas Elliott values each IP asset based on considering a multitude of characteristics, the present invention presents these characteristics to the potential stock buying public, who then set the portfolio value indirectly through the share auction. Whereas Elliott provides a valuation process of first and second algorithms, for valuation of the respective effects of securitization upon the owner and the investor, using a variety of algorithms, the present invention provides instead for investor acquisition of an interest in the IP Investment Trust via the auction procedure, following publication through brochures and otherwise of the information of interest to investors (page 20, lines 10-16, and page 22, lines 15-27). The present invention provides for an initial market value determination for the collection, which is used to set an initial bid price in the auction of IT shares. There is nothing similar, either described or suggested, in the Elliott reference.

The claims have been amended to clarify the foregoing distinctions. In particular, the step of executing the auction procedure has been highlighted as a distinct claim element. It is believed that the Elliott reference is overcome and that amended independent claims 1 and 11, together with their dependent claims, are in condition for allowance

In view of the foregoing, it is requested that the application be reconsidered, that claims 1-20 be allowed, and that the application be passed to issue.

Should the Examiner find the application to be other than in condition for allowance, the Examiner is requested to contact the undersigned at 703-787-9400

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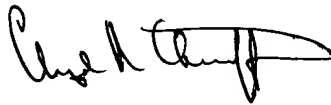
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(fax: 703-787-7557; email: clyde@wcc-ip.com) to discuss any other changes deemed necessary in a telephonic or personal interview.

If an extension of time is required for this response to be considered as being timely filed, a conditional petition is hereby made for such extension of time. Please charge any deficiencies in fees and credit any overpayment of fees to Attorney's Deposit Account No. 50-2041.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Clyde R Christofferson', with a long horizontal stroke extending to the right.

Clyde R Christofferson  
Reg. No. 34,138

Whitham, Curtis, Christofferson & Cook, P.C.  
11491 Sunset Hills Road, Suite 340  
Reston, VA 20190 -  
703-787-9400  
703-787-7557 (fax)

**Customer No. 30743**